RV BUSINESS

AUGUST 20, 1990

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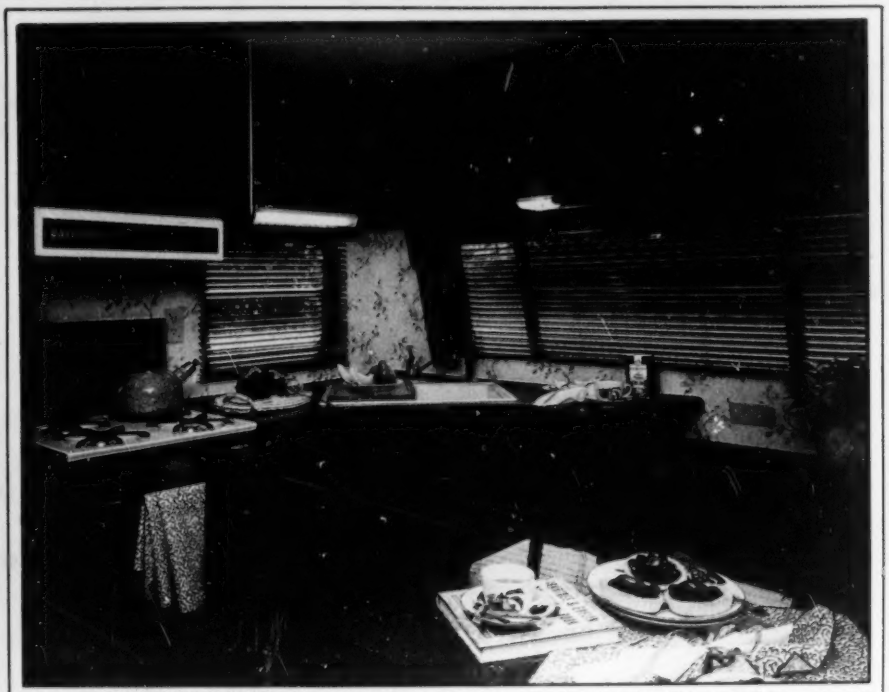


GALLEYS FOR A NEW DECADE: Although dealers may not realize it, it is in the RV galley that many unit sales are won or lost, say RV makers and designers, who describe the trends in amenities and styling that have transformed today's kitchens into even better selling points.

RV Makers Bet on Continued Basement Popularity

Fleetwood Enterprises Inc., Riverside, Calif., revolutionized the motorhome business in 1986 with the introduction of the Bounder Class A motorhome, a rather conventional-looking coach that caught the eye of consumers because of its innovatively engineered "basement-style" design.

Now, five model-years later, basement construction has become somewhat standard, and most manufacturers think basement motorhomes are here to stay for the foreseeable future. "It's obviously what the consumer has been looking for. And I would say that, in the next five years, you'll see a predominance of the basement in one form or another," affirmed Craig Alexander, national sales manager for Georgie Boy Manufacturing Inc., an Edwardsburg, Mich., firm that has turned its complete lineup over to either "half-basement" or "full-basement" floorplans.

The Bounder's basement configuration, which was a concept pioneered by Fleetwood Chairman John Crean, features a raised floor offering expanded storage, easier access to components, a quieter ride, better visibility and the generally im-

continued on page 14

Trailer Scams Plague Dealers

The perennial problem of fly-by-night trailer scams surfaced once again in the past few months, with scam operations reported to be especially prevalent this year in Alabama, Georgia, Florida, North Carolina, Mississippi and Virginia.

However, dealers in other states should be wary since scam operators are likely to follow their established pattern of moving northward during the summer.

Robert Strawn, executive vice president of RVDA, cited numerous reports of fly-by-night activity, which had been received by his office as early as March and April. He said RVDA is continuing its efforts to combat the situation by pursuing model legislation that can be submitted to the various states in an attempt to curtail some of the illicit activities.

"We have had to put that is-

continued on page 12

7 RVDA Ends Sponsorship of Miami RV Show

7 SEC Ruling Queries Status Of Lease-backs

8 NCOA Seeks Growth of 'Go Camping America'

8 Dometic's Parent Company Buys Sibir Assets

9 N.Y. Adopts Precedent-Setting Lemon Law

9 Starcraft Changes Its Top Management

10 TriMas Denies Plans to Merge Reese, Draw-Tite

11 Chrysler Unveils Minivans, Boosts Trucks' Tow Power

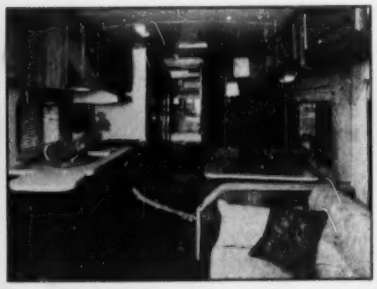
11 RVIA Details Courses for RV-Tech School

12 Industry Mourns Sudden Death Of Jack Moran

13 Connecticut Passes Bill on Secret Warranties

RV BUSINESS

VOLUME 41, NUMBER 10 AUGUST 20, 1990 TWO DOLLARS



34

40

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NEWS AND TRENDS

Industry News 7
RV People 16
At Retail 19
RVIA Shipments 23
Blue Chip Consensus 26

FEATURES

Galleys for the '90s 34

RV manufacturers and designers agree that a convenient, attractive, functional RV galley is key to sales success. Trends to watch for include more appliance and storage amenities at every price level; more washable, durable flooring; and, at the higher price ranges, a sleeker look influenced by "European" styling.

DEPARTMENTS

Dealer Concept 40
Legal 43
Service 45
Calendar 47
In Brief 48
Profitmakers 50
Readers' Forum 52
Classified Advertising 54
Index to Advertisers 55
Midwest Journal 56

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APRIL RETAIL MARKET WEAK BUT IMPROVING

THOMAS WALWORTH

East North Central: Illinois, Indiana, Michigan, Ohio, Wisconsin; **Mountain**: Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming; **Northeast**: Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont; **Pacific**: Alaska, California, Oregon, Washington, Hawaii; **South Atlantic**: Delaware, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia; **West North Central**: Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota; **South Central**: Texas, Oklahoma, Arkansas, Louisiana, Tennessee, Mississippi, Alabama.

According to April 1990 retail numbers, minus data from California, the RV-trailer market for the year-to-date was down by 2.06%, and motorhome sales were down 9.41% compared with the first four months of 1989. (All comparisons exclude California due to a legal restriction on vehicle-registration information in that state.)

In April, the RV-trailer market declined by 387 units, or 3.53%, from the same month a year ago. Figure 1 shows a ranking of the seven national regions by the percentage change in RV-trailer sales compared with April 1989. In the leading South Central region, Alabama recorded the largest percentage gain over April of last year. The East North Central region trailed the pack, with Ohio having the largest decline among those states.

For the year-to-date, the RV-trailer market was down by 631 units, or 2.06%, compared with the first four months of 1989. Figure 2 shows the national regions ranked by their percentage change in RV-trailer sales through April 1990 when compared with the same period last year. The South Central region again won the No. 1 spot, with Alabama reporting the largest gain in that market. In the bottom-ranked Northeast, Connecticut had the largest percentage decline for the year-to-date.

The motorhome industry experienced a decline of 387 units, or 9.27%, in April compared with the sales level of April 1989. Figure 3 lists the seven regions according to the percentage change in April motorhome sales compared with the same

RV TRAILERS, APR. '90

Apr. '90 Rank	Region	% of Change From Apr. '89	Mar. '90 Rank
1	S. Central	32.7	1
2	Pacific	16.5	5
3	Mountain	13.5	2
4	S. Atlantic	-10.4	4
5	W.N. Central	-10.8	3
6	Northeast	-15.4	6
7	E.N. Central	-16.9	7

Figure 1

RV TRAILERS, YEAR-TO-DATE

Apr. '90 Rank	Region	% of Change Year-to-Date	Mar. '90 Rank
1	S. Central	29.4	1
2	Pacific	9.0	2
3	Mountain	5.7	3
4	S. Atlantic	- 3.9	4
5	W.N. Central	- 6.1	5
6	E.N. Central	-14.5	6
7	Northeast	-17.2	7

Figure 2

MOTORHOMES, APR. '90

Apr. '90 Rank	Region	% of Change From Apr. '89	Mar. '90 Rank
1	Pacific	6.0	3
2	S. Atlantic	- 2.8	2
3	W.N. Central	- 5.1	5
4	S. Central	- 7.7	1
5	E.N. Central	-10.9	4
6	Mountain	-16.0	6
7	Northeast	-23.8	7

Figure 3

MOTORHOMES, YEAR-TO-DATE

Apr. '90 Rank	Region	% of Change Year-to-Date	Mar. '90 Rank
1	Pacific	4.3	2
2	S. Central	1.6	1
3	S. Atlantic	- .1	3
4	W.N. Central	-11.7	5
5	Mountain	-14.9	4
6	E.N. Central	-18.7	7
7	Northeast	-24.2	6

Figure 4

GRAPHICS: CUSTOM COLOR VISUALS

month in 1989. The Pacific region topped the rankings, with Washington state reporting the largest percentage gain in that region. The Northeast region lagged all others, with Rhode Island having the largest decline for the month.

For the year-to-date, motorhome retail numbers came in 1,258 units, or 9.41%, behind last year's pace. Figure 4 ranks the seven regions by the percentage change in motorhome sales for the first four months of 1990 compared with the same period of 1989. The Pacific region was the highest-ranked, and Washington state turned in the best year-to-date performance among those states. In the lowest-ranked Northeast region, Massachusetts had the largest percentage decline.

Overall, the RV market did improve somewhat in April. However, there is no denying that motorhomes turned in a weaker performance than RV trailers. Dealers would be wise to monitor their next three months' sales before deciding that the market will make a comeback. Δ

Thomas Walworth is general manager of Statistical Surveys Inc., Grand Rapids, Mich., which has reported retail statistics for 30 years to the RV industry. Statistical Surveys is an acknowledged leader in the RV statistical field.

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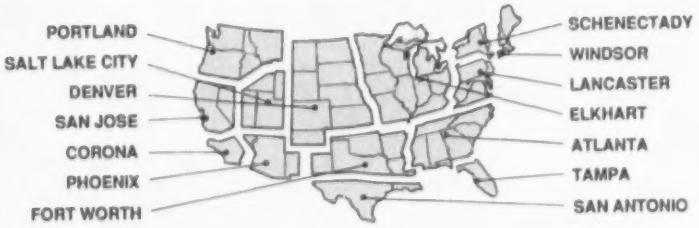

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MAY SHIPMENTS BLOSSOM, BUT GROWTH STILL SLOW

MORTON J. MARCUS

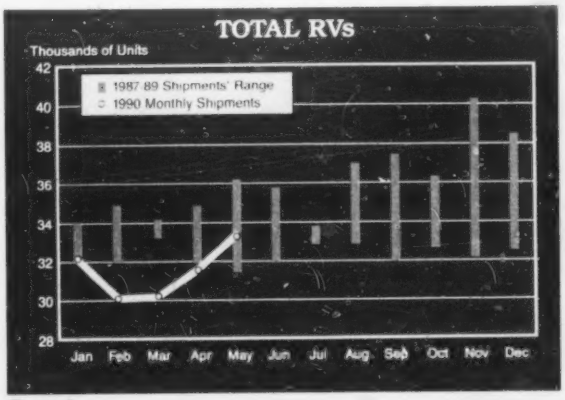

Figure 1

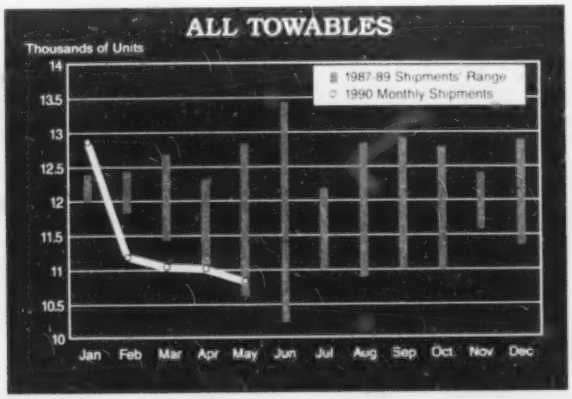

Figure 2

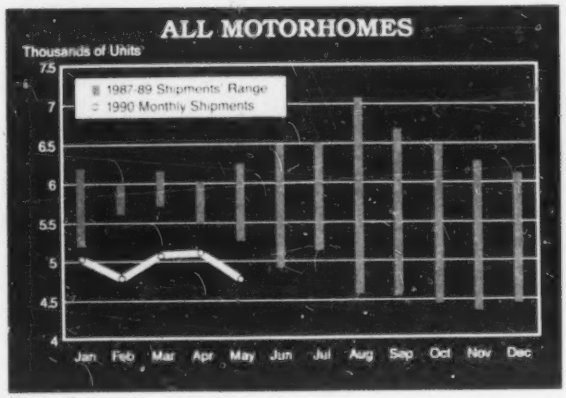

Figure 3

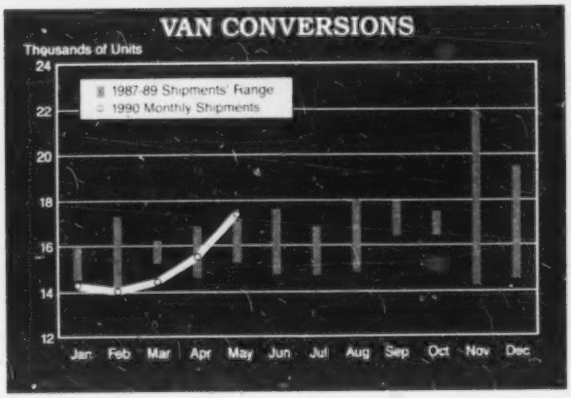

Figure 4

A sluggish spring can end with a burst of colorful blooms in May. And May 1990 did see some pleasant blossoming of wholesale shipments once the data was adjusted for normal seasonal patterns.

For the third consecutive month of 1990, total shipments advanced from the previous month. And, with 33,080 units shipped, May was the best of the first five months of 1990, indeed the best month since November 1989. May also was the first month of 1990 in which total shipments exceeded their monthly level of a year ago.

Figure 1 provides a clear picture of May's achievements. Total shipments were solidly within the monthly range established by the industry's record over the past three years. May 1990 shipments were 5%, or nearly 1,600 units, ahead of May 1989. As a result, the year-to-date deficit was cut in half; shipments trailed 1989 by 9.3% in February but were only 4.6% behind last year's pace by the end of May.

May's overall improvement was due to the limited progress made by towables and van conversions, while motorhomes continued to lag. *(See Figures 2-4.)*

With 10,890 towables shipped in May, the year-to-date deficit was wiped out – but that was an improvement of only 20 units. Celebrating in the streets, therefore, is not yet advisable. Despite the good aspects of the latest data from RVIA, we also must note that towable shipments in May, at 10,890 units, were at their lowest level since June of 1989. May, even with seasonal adjustment, was the worst month for towables as a group for the year-to-date.

May was also the worst month to date for motorhome shipments. As of May, each month in 1990 had been below the same period of 1989 in terms of motorhome shipments. The annual deficit was 3,410 units, or 12.1% below the level of the first five months of 1989, which is not as bad as

GRAPHICS: CUSTOM COLOR VISUALS

the 16% shortfall recorded in February. But the improvement only indicated that the illness was less severe not that a cure was in progress.

Meanwhile, van conversions had their best month of the year with 17,400 units shipped in May. For the second month in a row, van conversions were running ahead of the same month a year ago. Thus, the shipments deficit for the year-to-date had been cut to 4,200 units, or 5.2% below the first five months of 1989.

In sum, by the end of May, the industry was shipping units at a pace that was about 7,600 units slower than at the same point in 1989, but van conversions and towables had made progress in cutting that deficit.

A Detailed View

Among towables as a group, all types of units improved market share in May. *(See Figure 5.)* The greatest gain in market-share points was made by fifth-wheels, which accounted for about half of the total gain made by towables as a whole. Fifth-wheel units were running nearly 6% ahead of last year by May, with an increase of more than 700 units in the first five months of 1990 compared with the same period of 1989. *(See Figure 6.)*

All other towable types were behind their pace of a year ago, but the differences between this year's shipments and those of a year ago were very small. For example, folding camping trailers led the downward movement among towables, but they were off by less than 400 units, or 2.8%, which is is equivalent to just one week's output at the May shipment rate. Other types of towables had even smaller percentage deficits in shipments. Hence, the industry's prospects for surpassing last year's towable-shipments level during the remainder of 1990 are not at all bad.

Motorhomes are a different story. As a group they lost 1.34 market-share points in the first five months of 1990. Within the motorhome group, however, the differences were dramatic. For example, shipments of low-profile Class C motorhomes were off 56% from a year ago, but micro-minis were up 48%. In volume, the difference between the drop by low-profiles (minus 410 units) and the increase for micro-minis (plus 500 units), was just 90 units for the entire year-to-date. *(See Figure 6.)*

Class B van campers were up by nearly 23%, with a 480-unit lead on last year's pace, by the end of May. But this improvement was overwhelmed by the 1990 unit deficits for both Class A's and Class C mini-motorhomes.

Van conversions did well in May, with nearly a 10% improvement over April 1990. This performance erased more than 26% of the previous 5,730-unit deficit for the year. Although the gap was closing, these units still accounted for 55% of the industrywide shipments shortfall from 1989.

In summary, there were distinctly positive signs for future growth in May's crop of shipments, but there are still some well-rooted weeds threatening the industry's garden. Much progress needs to be made in many market segments to return to the levels of 1989, which would still be a modest aspiration. Yet, given the way some aspects of the national economy are performing these days, just getting even and staying there may be an achievement. Δ

PERCENT MARKET SHARE BY TYPE OF UNIT
(Year-to-date, adjusted for seasonal variation)

	1990	1989	Change
TOTAL RVs	100.00	100.00	0.00
Travel Trailers:	24.75	23.32	1.42
Conventional	14.33	13.77	0.56
Park Models	2.02	1.98	0.04
Fifth-wheels	8.39	7.57	0.82
Folding Camping Trailers	8.71	8.55	0.16
Truck Campers	2.63	2.55	0.08
TOTAL TOWABLES	36.08	34.42	1.66
Motorhomes:			
Class A	8.81	9.61	– 0.79
Class B Van Campers	1.64	1.27	0.36
Class C:	5.25	6.16	– 0.91
Minis	4.08	5.09	– 1.01
Low Profiles	0.20	0.44	– 0.24
Micro-minis	0.97	0.62	0.35
TOTAL MOTORHOMES	15.70	17.04	– 1.34
Multiuse Van Conversions	48.22	48.54	– 0.33

Percentages may not add to total because of rounding.

Figure 5

By the end of May, the industry was shipping units at a pace that was 7,600 units slower than at the same point in 1989, but van conversions and towables had made progress in cutting that deficit.

RV SHIPMENTS BY TYPE OF UNIT
(Adjusted for seasonal variation)

Type of Units	May '90	Change From Apr '90 Number	%	Year-to-Date 1990	1989	Change Number	%
Travel Trailers:	7,620	- 120	- 1.6	39,090	38,610	480	1.2
Conventional	4,270	- 280	- 6.1	22,640	22,800	- 160	- 0.7
Park Models	770	130	19.6	3,200	3,280	- 90	- 2.6
Fifth-wheels	2,580	30	1.3	13,250	12,530	730	5.8
Folding Camping Trailers	2,360	- 160	- 6.3	13,760	14,150	- 390	- 2.8
Truck Campers	910	150	20.5	4,150	4,220	- 70	- 1.6
Motorhomes:							
Class A	2,600	- 370	- 12.5	13,920	15,910	- 1,980	- 12.5
Class B Van Campers	590	90	18.5	2,590	2,110	480	22.6
Class C:	1,600	- 30	- 1.6	8,290	10,190	- 1,900	- 18.6
Minis	1,300	- 20	- 1.8	6,440	8,430	- 1,980	- 23.5
Low Profiles	0	- 100	- 100.0	320	740	- 410	- 56.2
Micro-minis	300	100	49.1	1,530	1,030	500	48.3
Multiuse Van Conversions	17,400	1,530	9.7	76,170	80,370	- 4,200	- 5.2

Note: Data rounded to nearest 10 units

Figure 6

Morton J. Marcus is the director of the Indiana Business Research Center at Indiana University School of Business, where he is also a member of the faculty. Marcus specializes in using statistics to identify economic trends.